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 **越秀房地產投資信託基金**
YUEXIU REAL ESTATE INVESTMENT TRUST

(A Hong Kong collective investment scheme authorised under section 104
of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))
(Stock code: 00405)

Managed by

 **越秀房託資產管理有限公司**
YUEXIU REIT ASSET MANAGEMENT LIMITED

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the “Board”) of Yuexiu REIT Asset Management Limited (the “Manager”) is pleased to announce the unaudited interim results of Yuexiu Real Estate Investment Trust (“Yuexiu REIT”) for the six months ended 30 June 2023 (the “Interim Period”) as follows:

FINANCIAL HIGHLIGHTS

The following is a summary of Yuexiu REIT’s financial results during the Interim Period together with comparative figures for the six months ended 30 June 2022 and year ended 31 December 2022:

(in Renminbi (“RMB”), unless otherwise specified)

	Six months ended 30 June		Change
	2023	2022	Increase/ (decrease)
Gross income	1,060,864,000	943,667,000	12.4%
Net property income	762,573,000	686,742,000	11.0%
Net profit/(loss) after tax before transactions with Unitholders	87,549,000	(521,079,000)	116.8%
Interim distribution	261,462,000	342,943,000	(23.8)%
Earnings/(loss) per unit	0.0198	(0.1191)	116.6%
Distribution per unit	0.0541	0.0734	(26.3)%
Equivalent to HK\$	0.0590	0.0853	(30.8)%

	As at		Change
	30 June 2023	31 December 2022	Increase/ (Decrease)
Property portfolio valuation	42,434,000,000	42,359,000,000	0.2%
Net assets attributable to Unitholders	15,663,576,000	16,104,395,000	(2.7)%
Net assets attributable to Unitholders per unit	3.24	3.37	(3.7)%

DISTRIBUTION

In accordance with the Trust Deed, Yuexiu REIT is required to distribute no less than 90% of Total Distributable Income to the Unitholders. The Manager has intended to distribute to the Unitholders an amount equal to 100% of Yuexiu REIT's Total Distributable Income and Additional Item (as defined in the Offering Circular issued to Unitholders dated 30 June 2012) for the financial year ending 2023.

The Manager also has the discretion under the Trust Deed, where there are surplus funds, to distribute additional amounts. At the time of announcing the distribution for any particular year, the Manager shall consider whether to exercise such discretion having regard to factors including but not limited to Yuexiu REIT's funding requirements, its earnings and financial position, its growth strategies, operating and capital requirements, compliance with relevant laws, regulations and covenants (including existing limitations on borrowings as prescribed in the REIT Code), other capital management considerations, the overall stability of distributions and prevailing industry practices.

In light of the above, the Manager has determined that an interim distribution to Unitholders for the Interim Period will be approximately RMB0.0541 which is equivalent to Hong Kong Dollars ("HK\$") 0.0590 (June 2022: approximately RMB0.0734 which was equivalent to HK\$0.0853) per unit. Such interim distribution per unit, however, is subject to adjustment once new units are issued to the Manager (in satisfaction of the Manager's fee) prior to the record date for the 2023 interim distribution. A further announcement will be made to inform Unitholders of the interim distribution per unit for the six months ended 30 June 2023.

The total 2023 interim distribution amounted to approximately RMB261,462,000 which is equivalent to HK\$285,400,000 (June 2022: approximately RMB342,943,000 which was equivalent to HK\$398,712,000), includes an amount of approximately RMB83,432,000 (June 2022: RMB108,604,000), that is capital in nature. The total distribution amount for the Interim Period comprises the distributable amount calculated pursuant to the formula set out in the Trust Deed plus a further distribution of approximately RMB124,742,000 having regard to the abovementioned discretion of the Manager under the Trust Deed to distribute excess amounts where it has surplus funds. Further details regarding the breakdown of the total distributable amount are set out in the Distribution Statement of this announcement.

Distribution payable to Unitholders is paid in Hong Kong dollar. The exchange rate adopted by the Manager is the average central parity rate, as announced by the People's Bank of China, for the five business days preceding the date of declaration of distribution.

Distribution Per Unit

Distribution to Unitholders for the Interim Period is HK\$0.0590 per unit (June 2022: HK\$0.0853), representing a yield of approximately 3.54% (June 2022: 2.79%) based on the closing price of HK\$1.67 per unit as at 30 June 2023 (30 June 2022: HK\$3.06). This represents an annualized distribution yield of 7.07%.

CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the interim distribution will be 14 September 2023. The register of Unitholders will be closed from 14 September 2023 to 15 September 2023, during which period no transfer of units will be effected. In order to qualify for the distribution, all Unit certificates with the completed transfer forms must be lodged with Yuexiu REIT's unit registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Center, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 13 September 2023. The 2023 interim distribution will be paid on 26 October 2023 to the Unitholders whose names appear on the register of Unitholders on 14 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

TACKLING CHALLENGES WITH INNOVATION AND CHANGES, BEST ENDEAVOURS TO REALISE LONG-TERM VALUE OF BUSINESS

While the economy has been recovering slowly in the post-pandemic era, the pace of recovery varies across industries. By focusing on leisure consumption, the hotels and apartments' overall operations have returned to the pre-pandemic levels; customer flow in the retail shopping malls has recovered and grown steadily; the operating performance of specialised market has stopped declining and steadily recovered; and the leasing in office buildings remained stable in the declining market environment. Facing a market environment full of challenges and opportunities, the Manager is adhering to the implementation of long-term strategies, adoption of new thinking, setting up an office ecological platform and leisure consumption scenario in malls, hotel and serviced apartment, and improvement in the contents, products and influence of the assets, gearing up all efforts to deliver satisfactory results for unitholders.

PROPERTY PORTFOLIO

As of 30 June 2023, Yuexiu REIT's portfolio of properties consisted of ten properties, namely, White Horse Building Units ("White Horse Building"), Fortune Plaza Units and certain Carpark Spaces ("Fortune Plaza"), City Development Plaza Units and certain Carpark Spaces ("City Development Plaza"), Victory Plaza Units ("Victory Plaza"), Guangzhou International Finance Center ("GZIFC"), Yuexiu Financial Tower ("Yuexiu Financial Tower"), located in Guangzhou; Yue Xiu Tower ("Shanghai Yue Xiu Tower"), located in Shanghai; Wuhan Yuexiu Fortune Center, Starry Victoria Shopping Centre and certain Carpark Spaces ("Wuhan Properties"), located in Wuhan; Hangzhou Victory Business Center Units and certain Carpark Spaces ("Hangzhou Victory"), located in Hangzhou; and 17th and 23rd Floors of Yue Xiu Building Units ("17th and 23rd Floors of Hong Kong Yue Xiu Building"), located in Hong Kong. The aggregate area of ownership of the properties was approximately 1,184,156.5 sq.m. and the total rentable area was 803,984.1 sq.m. (excluding 1,408.3 sq.m. of parking space of Fortune Plaza; 2,104.3 sq.m. of parking space of City Development Plaza; 91,460.9 sq.m. of hotel, 51,102.3 sq.m. of serviced apartments and 76,512.3 sq.m. of parking space and 7,752.5 sq.m. of other ancillary facilities area of GZIFC; 13,502.6 sq.m. of parking space and 2,610.4

sq.m. of specific purpose area of Shanghai Yue Xiu Tower; 62,785.7 sq.m. of parking space and 12,415.1 sq.m. of common facilities area of Wuhan Properties; 17,663.6 sq.m. of parking space of Hangzhou Victory; 10,289.1 sq.m. of parking space and 29,797.1 sq.m. of common facilities area of Yuexiu Financial Tower, and the following statistics of both aggregate rented area and occupancy rate have excluded the above areas).

PROPERTY VALUATION

On 30 June 2023, revaluation of the portfolio of properties of Yuexiu REIT was carried out by Colliers International (Hong Kong) Limited (“Colliers”), an independent professional valuer, and the revalued market value was approximately RMB42.434 billion.

The following table summarizes the valuation of each of the properties as at 30 June 2023 and 31 December 2022:

Name of Property	Valuation as at	Valuation as at	(Decrease)/ Increase percentage
	30 June 2023 RMB million	31 December 2022 RMB million	
White Horse Building	4,813	4,861	(1.0)%
Fortune Plaza	1,252	1,252	—%
City Development Plaza	1,033	1,044	(1.1)%
Victory Plaza	955	955	—%
GZIFC	18,851	18,720	0.7%
Shanghai Yue Xiu Tower	3,031	3,031	—%
Wuhan Properties	3,528	3,598	(1.9)%
Hangzhou Victory	624	625	(0.2)%
Yuexiu Financial Tower	8,230	8,158	0.9%
17th and 23rd Floors of Hong Kong Yue Xiu Building	117	115	1.7%
Total	<u>42,434</u>	<u>42,359</u>	0.2%

Particulars of the properties are as follows:

Name of Property	Type	Location	Year of Completion	Area of Ownership (sq.m.)	Total Rentable Area (sq.m.)	Property Occupancy Rate ⁽¹⁾	Number of Lease ⁽¹⁾	Unit Rent ⁽¹⁾ (RMB/sq.m./month)
White Horse Building	Wholesale mall	Yuexiu District, Guangzhou	1990	50,199.3	50,128.9	90.5%	816	336.8
Fortune Plaza	Grade A office	Tianhe District, Guangzhou	2003	42,763.5	41,355.2 ⁽²⁾	93.6%	87	150.1
City Development Plaza	Grade A office	Tianhe District, Guangzhou	1997	44,501.7	42,397.4 ⁽³⁾	82.9%	68	139.4
Victory Plaza	Retail shopping mall	Tianhe District, Guangzhou	2003	27,698.1	27,262.3	93.5%	28	211.2
GZIFC	Commercial complex	Tianhe District, Guangzhou	2010	457,356.8	230,266.9	86.3%	257	223.5
Including:	Grade A office			267,804.4	183,539.6 ⁽⁴⁾	83.3%	198	239.3
	Retail shopping mall			46,989.2	46,727.3	98.1%	59	170.8
	Hotel			91,460.9 ⁽⁵⁾	N/A	N/A	N/A	N/A
	Serviced apartments			51,102.3	N/A	N/A	N/A	N/A
Shanghai Yue Xiu Tower	Commercial complex	Pudong New District, Shanghai	2010	62,139.4	46,026.3 ⁽⁶⁾	86.2%	115	232.0
Wuhan Properties	Commercial complex	Qiaokou District, Wuhan		248,194.2	172,993.3	67.2%	229	76.2
Including:	Grade A office		2016	139,937.1	129,446.7 ⁽⁷⁾	61.6%	148	87.0
	Retail shopping mall		2015	45,471.4	43,546.6 ⁽⁸⁾	86.0%	81	50.9
	Commercial parking spaces		2015-2016	47,182.9	N/A	N/A	N/A	N/A
	Residential parking spaces		2014-2016	15,602.8	N/A	N/A	N/A	N/A
Hangzhou Victory	Grade A office	Shangcheng District, Hangzhou	2017	40,148.4	22,484.8 ⁽⁹⁾	99.2%	33	124.1
Yuexiu Financial Tower	Grade A office	Tianhe District, Guangzhou	2015	210,282.9	170,196.8 ⁽¹⁰⁾	89.1%	229	201.9
17th and 23rd Floors of Hong Kong Yue Xiu Building	Grade A office	Wanchai, Hong Kong	1985	872.2	872.2	100.0%	4	314.5
Total				<u>1,184,156.5</u>	<u>803,984.1</u>	84.0%	<u>1,866</u>	188.8

Notes:

- (1) As at 30 June 2023;
- (2) Excluding 1,408.3 sq.m. of carpark spaces area;
- (3) Excluding 2,104.3 sq.m. of carpark spaces area;
- (4) Excluding 76,512.3 sq.m. of carpark spaces and 7,752.5 sq.m. of other ancillary facilities area;
- (5) Including 2,262.0 sq.m. of hotel ancillary facilities area and refuge floor;
- (6) Excluding 13,502.6 sq.m. of carpark spaces and 2,610.4 sq.m. of specific purpose area (management office, owners' committee office, bicycle parking space and refuge floor);
- (7) Excluding 10,490.3 sq.m. of common facilities area and refuge floor;
- (8) Excluding 1,924.8 sq.m. of common facilities area;
- (9) Excluding 17,663.6 sq.m. of carpark spaces area; and
- (10) Excluding 10,289.1 sq.m. of carpark spaces area and 29,797.1 sq.m. of common facilities area.

OCCUPANCY RATE REMAINED STABLE

As at 30 June 2023, the overall occupancy rate of the properties was approximately 84.0%.

The following table sets out a comparison of occupancy rates in respect of all the properties between the reporting period and the corresponding period of previous year:

Name of Property	Occupancy	Occupancy	Percentage
	rate as at 30 June 2023	rate as at 30 June 2022	increase/ (decrease) as compared to 30 June 2022
White Horse Building	90.5%	86.6%	3.9%
Fortune Plaza	93.6%	96.4%	(2.8)%
City Development Plaza	82.9%	91.1%	(8.2)%
Victory Plaza	93.5%	94.1%	(0.6)%
GZIFC Office	83.3%	90.2%	(6.9)%
GZIFC Shopping Mall	98.1%	95.8%	2.3%
Shanghai Yue Xiu Tower	86.2%	88.7%	(2.5)%
Wuhan Properties Office	61.6%	70.0%	(8.4)%
Wuhan Properties Shopping Mall	86.0%	92.1%	(6.1)%
Hangzhou Victory	99.2%	93.3%	5.9%
Yuexiu Financial Tower	89.1%	95.5%	(6.4)%
Sub-total	84.0%	88.8%	(4.8)%
17th and 23rd Floors of Hong Kong Yue Xiu Building	100.0%	N/A	N/A
Total	84.0%	88.8%	(4.8)%

Operational Property	Type	Commencement of Operation	Area of Ownership (sq.m.)	No. of Units (units)	Average Occupancy rate⁽¹⁾	Average room rate⁽¹⁾ (RMB)
Four Seasons Hotel Guangzhou ⁽²⁾	Five-star hotel	August 2012	91,460.9	344	79.5%	2,202
Ascott Serviced Apartments ⁽²⁾	High-end serviced apartments	September 2012	51,102.3	314	90.3%	1,101

Notes:

- (1) From 1 January 2023 to 30 June 2023;
- (2) Both hotel and serviced apartments are entrusted operators.

SIGNIFICANT INCREASE IN REVENUE

During the Interim Period, the properties of Yuexiu REIT recorded total revenue of approximately RMB1,060,864,000, representing an increase of 12.4% as compared to the corresponding period of 2022. White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, GZIFC, Shanghai Yue Xiu Tower, Wuhan Properties, Hangzhou Victory, Yuexiu Financial Tower and 17th and 23rd Floors of Hong Kong Yue Xiu Building accounted for approximately 10.2%, 4.0%, 3.7%, 3.9%, 47.4%, 5.0%, 5.1%, 1.6%, 18.9% and 0.2% of the total revenue, respectively.

The following table sets out a comparison of revenue in respect of the properties between the Interim Period and the corresponding period of 2022:

Name of Property	Revenue for	Revenue for	Increase/ (Decrease)	Increase/ (Decrease) in
	the Interim Period of 2023 RMB million	the Interim Period of 2022 RMB million	Compared to the Interim Period of 2022 RMB million	Revenue from the Property percentage
White Horse Building	107.7	63.3	44.4	70.1%
Fortune Plaza	42.2	34.7	7.5	21.6%
City Development Plaza	39.7	33.3	6.4	19.2%
Victory Plaza	41.8	32.5	9.3	28.6%
GZIFC				
Office	214.6	235.9	(21.3)	(9.0)%
Retail shopping mall	33.0	31.4	1.6	5.1%
Hotel	198.3	116.8	81.5	69.8%
Serviced apartment	57.9	48.9	9.0	18.4%
Shanghai Yue Xiu Tower	52.9	51.9	1.0	1.9%
Wuhan Properties	54.4	68.1	(13.7)	(20.1)%
Hangzhou Victory	16.6	16.9	(0.3)	(1.8)%
Yuexiu Financial Tower	200.2	210.0	(9.8)	(4.7)%
Sub-total	<u>1,059.3</u>	<u>943.7</u>	<u>115.6</u>	12.2%
17th and 23rd Floors of Hong Kong				
Yue Xiu Building ⁽¹⁾	<u>1.6</u>	<u>N/A</u>	<u>1.6</u>	N/A
Total	<u><u>1,060.9</u></u>	<u><u>943.7</u></u>	<u><u>117.2</u></u>	12.4%

Note:

(1) The revenue of 17th and 23rd Floors of Hong Kong Yue Xiu Building was recorded since 21 December 2022.

GZIFC – OFFICE: TAPPING INTO THE POTENTIAL NEEDS OF EXISTING TENANTS AND ATTRACTING POTENTIAL WELL-KNOWN ENTERPRISES; SHOPPING MALL: ENRICHING BUSINESS FORMATS, ATTRACTING CUSTOMER FLOW AND ORGANISING PROMOTIONAL ACTIVITIES

GZIFC is committed to building a medium-to-long-term stable tenancy structure and to elevate the proportion of high-quality tenants by 2.9%. In the first half of the year, it focused on tapping into the demand of existing high-quality tenants for expansion of lease area, successfully concluded the expansion of existing lease areas of renowned enterprises including GLP (普洛斯), Hyundai Insurance (現代財險) and LHP Law Firm (羅歡平律所). Meanwhile, by utilising various resources, top-notch professional services and financial companies, including industry leaders such as BOCOM Schrodgers (交銀施羅德) and Guan Ling Law Firm (冠領律所), were successfully brought in at rental that were basically in line with market levels. Given intense competition for customers, GZIFC proactively retained high-quality tenants in renewing their leases, and the renewal rate of key tenants reached 100% in the first half of the year. Well-known tenants such as Société Générale, Bank of Taiwan and Mango TV renewed their leases with an average renewal period of 4 years and an increase of 2.7% in the renewal rent.

GZIFC Shopping Mall introduced complementary business formats in a targeted manner. In the first half of the year, the successful introduction of Taishen (泰神), the first Southeast Asian cuisine brand of Chang Lai Catering Group, and Gyen Hutong (橘焱胡同), a high-quality barbecue chain brand, helped raise the per customer transaction of catering tenants and laid the foundation for introducing restaurants listed in the Michelin Guide and the Black Pearl Restaurant Guide. In addition, the shopping mall introduced its first cha chaan teng (Hong Kong style restaurant), Tang-dao (湯稻), and its first Korean restaurant featuring rice mixed with soup, FUSION (泡鮮森), leading to an optimised catering mix on the B1 floor of the shopping mall to better meet the needs of CBD white-collar workers for convenient quality meals. A normalised integrated coordination mechanism for the shopping complex has been substantially established to integrate resources of various business formats to attract customer flow in a targeted manner. With precise investment in promotional activities to facilitate business operations, the shopping mall recorded a year-on-year increase of 24% in customer flow and a year-on-year increase of 13% in sales in the first half of the year.

Four Seasons Hotel capitalised on the demands in the leisure tourism market during the Spring Festival holiday and the Labour Day holiday, as well as the opportunities brought about by the resumption of large-scale exhibitions, actively opened up sources targeting foreign customers, and launched upgraded versions of customised product portfolios, thereby driving the average room rate to exceed the level of the corresponding period in 2019 and becoming a key driver for the increase in the overall revenue of the hotel. In the first half of 2023, the average occupancy rate of the Four Seasons Hotel was 79.5%, representing a year-on-year increase of 26.9 percentage points. The average room rate was RMB2,202, representing a year-on-year increase of 41.3%. The RevPAR was RMB1,752, representing a year-on-year increase of 113.9%. The RevPAR competitive index of the hotel was 117.3, representing a year-on-year increase of 13.6%. The hotel continues to provide high standard services to customers as always, and has been awarded the “Forbes Travel Guide Five-star Hotel” by Forbes Travel Guide in nine consecutive years.

In the first half of the year, Ascott Serviced Apartments was affected by the combined impacts of peak check-out period and the recovery of overseas study and travel. Despite the efforts to maintain a 52% renewal rate for the long-term rental business, the long-term rental occupancy rate fell by 3.2 percentage points year-on-year. Benefiting from the release of repressed travel demand, the short-term rental market saw growth in both occupancy rate and rental prices. Revenue from the short-term rental business increased by 153.0% year-on-year, which effectively boosted the overall operating performance of apartments. In the first half of 2023, the average occupancy rate of serviced apartments reached 90.3%, representing a year-on-year increase of 6.1 percentage points. The average room rate was RMB1,101, representing a year-on-year increase of 10.7%. The RevPAR was RMB994, representing a year-on-year increase of 18.6%. The RevPAR competitive index remained at a high level of 152.6. The serviced apartment still maintains its leading position in the market, ranking first both in operating revenue and GOP in Ascott China for eight consecutive years since 2016.

YUEXIU FINANCIAL TOWER - SECURING HIGH-QUALITY TENANTS AND EXPEDITING BUSINESS SOLICITATION

In the first half of the year, Yuexiu Financial Tower completed the lease renewal of approximately 20,000 sq.m., the overall lease renewal rate reached 86.1%, among which the renewal rate of key tenants reached 94%, and the renewal rent increased by 6%, leading to a more stable lease structure and growth in rental income. In terms of tenant structure optimisation, it implemented “one distinctive policy for each key customer” to firmly retain a reserve of high-quality customers, thereby improving the trend of tenant structure optimisation. In the first half of the year, certain top 100 central enterprises and industry leaders such as Huajin Securities, China UnionPay Data and SDIC Taikang were successfully introduced, and an agreement has been signed with Yinghe Law Firm (瀛和律所), a large-scale brand, for leasing an entire floor commencing in the second half of the year, thereby further stabilising the premium tenant base. Customised renovation services were provided to cater for the needs of prospective tenants, and the renovated units recorded a high sell-through rate of 92%, which greatly enhanced product competitiveness, promoted the conversion rate of business solicitation and improved customer satisfaction.

WHITE HORSE BUILDING – ADOPTING VARIOUS MEASURES SIMULTANEOUSLY TO FACILITATE BUSINESS SOLICITATION, INNOVATING BUSINESS MODELS TO STRENGTHEN OPERATION

Earlier this year, White Horse Building management, in a timely manner, introduced highly targeted leasing policies which managed to swiftly stabilise its operation. At the same time, it capitalised on the market recovery to expedite business solicitation and conversion, and introduced targeted customer group from the key benchmarking market to White Horse. In the first half of 2023, the accumulated newly contracted area was 9,183 sq.m., compared with the end of last year the occupancy rate of White Horse Building increased by 9.2 percentage points, returning to a level above 90%. Thinking from the perspective of its customers, White Horse Building management continued to improve product competitiveness, actively promoted product innovation and diversification. By successfully introducing 9 original designer brands, the White Horse Original Specialised Zone has officially commenced

operation, which enriched the original series of products for segmented groups. It also introduced more categories of products for sale to build a comprehensive one-stop wholesale ecosystem with men's and women's apparel as the major focus. In the first half of the year, White Horse Building innovated its marketing model, improved its operational supporting capabilities, and took the initiative to seek and utilise government resources to expand media exposure and further strengthened its industry influence.

FORTUNE PLAZA, CITY DEVELOPMENT PLAZA – IMPROVING PRODUCT QUALITY AND INTRODUCING HIGH-QUALITY CUSTOMERS

Targeting the positioning of business customers, these two projects implemented product transformation to enhance their competitiveness. The current sell-through rate of renovated units reached 78.3%, which had effectively promoted business solicitation and leasing. In the first half of the year, Fortune Plaza successfully engaged its existing tenant, zhenai.com, to expand its lease area, renewed leases with tenants such as Master Meditech and Cambodia Airways, and introduced a number of enterprises including Nuoxun Human Resource (諾訊人力) and Egypt TEDA (埃及泰達), thus continuing to optimise the tenant structure. In May, City Development Plaza successfully introduced a high-quality customer, Pufanglimin (普方立民), to take up the units on the 26th floor, realising the seamless transition and connection for the terminated leasing area.

VICTORY PLAZA – GROWTH IN BOTH CUSTOMER FLOW AND SALES, GRADUAL STABILISATION OF OPERATION

In the first half of the year, leveraging on brand marketing and the synergy of resources interaction, Victory Plaza recorded a year-on-year increase of 38% in customer flow of the mall and a year-on-year increase of 22% in sales, while its anchor customer, Uniqlo, recorded a year-on-year increase of 19% in sales from January to June. It proactively managed its operating risks by replacing high-risk customers occupying an area of approximately 350 sq.m. and seamlessly introduced two high-quality emerging brands in the first six months, resulting in an increase of 17.6% in the first-year rent of new contracts. In addition, it renewed the lease in advance with its anchor customer, Uniqlo, stabilising the operation of the project.

SHANGHAI YUE XIU TOWER – RESPONDING TO MARKET IMPACT, STABILISING ITS CUSTOMER RESOURCES

Affected by the long tail effect of the pandemic, the Grade-A office building market in Shanghai has shown a trend of polarisation this year. Certain projects with stable tenant structure have been impacted due to their early entry into the market and their aging hardware facilities. Shanghai Yue Xiu Tower calmly coped with the adverse situation with measures such as implementing flexible leasing policies, creating customised renovated units and enhancing customer experience in the office. In the first half of the year, the newly contracted area increased by 5% year-on-year to 1,200 sq.m., while the renewed leasing area reached 3,000 sq.m., greatly contributing to its stable customer resources.

WUHAN PROPERTIES – STRATEGY ADJUSTMENT TO IMPROVE OPERATION, BRAND OPTIMISATION TO ENSURE LEASE RENEWALS

In view of the lacklustre demand in the Wuhan market, Yuexiu Fortune Centre has adjusted its strategies for business solicitation. In terms of product optimisation, it provided new small and medium-sized units through capital renovation, so as to enrich product types to provide diverse choices to customers; in terms of new contracts, it successfully explored the demand of its existing high-quality customers (such as Guangxin Communication) for expansion of lease area, with a newly contracted area of over 10,000 sq.m. for the first half of the year; and in terms of lease renewals, it successfully completed the lease renewals for premium customers such as Prolog, AVIVA-COFCO, New China Life and Midea, with a renewed leasing area of 12,300 sq.m., successfully retaining high-quality customer resources amidst the challenging market environment.

In the first half of the year, Starry Victoria Shopping Centre entered into new contracts with 11 brands, with a contracted area of nearly 4,000 sq.m., promoting the overall operating image and quality of Hall A. In order to help tenants stabilise their operation, it provided crucial assistance and support to tenants bearing high rent and carried out marketing activities with concessionary rate for car parking fee. It stabilised business operation of tenants, strengthened the management of lease renewals and achieved a relatively high renewal rate of 81.8% in the first half of the year, with a 24.2% increase in effective rent during the contract period. It also introduced tenants engaging in diversified operations, such as Muji, to introduce complementary and substitute categories and enrich the operating ambience of the shopping mall.

HANGZHOU VICTORY – STRENGTHENING LEASE MANAGEMENT TO EFFECTIVELY ELEVATE THE OCCUPANCY RATE

Hangzhou Victory strengthened its lease management and proactively revitalised its expiring lease area, successfully introduced an optimal enterprise, 100 Million Mainstay Companies (一億中流), to the building and seamlessly leased two entire floors with a total area of 2,500 sq.m.. Lease renewal for the enterprise related to the China Railway Group on the seventh floor was successfully completed, with an increase of 4.9% in the effective rent of the renewed lease. The overall occupancy rate of the building increased by 5.8 percentage points year-on-year to 99.2%.

ACTIVE PROMOTION OF PROJECTS FOR ASSET APPRECIATION, ACHIEVING VALUE PRESERVATION AND APPRECIATION OF PROPERTIES

The Manager continued to invest in a number of asset upgrading and renovation projects. Projects completed in the first half of the year included the replacement of wires for light troughs in the public area of GZIFC's office building, the ground renovation project of logistics areas in Four Seasons Hotel, and the retrofit project of the display screen of surveillance center, the peripheral and first-floor surveillance system in Shanghai Yue Xiu Tower. In the second half of the year, the Manager will carry out the following projects: the retrofit of surveillance display screen and information release system on different floors, the renovation and upgrading of passage 35 and the upgrading and renovation projects of the seventh floor rooftop for White Horse Building; the retrofit project of certain air-conditioning system terminal in Fortune Plaza; the retrofit project of facilities and equipment of the drainage system in Victoria Plaza; the enhancement of energy conservation of air-conditioning control systems for GZIFC, partial renovation and upgrading of Four Seasons Hotel, the upgrading project of surveillance system in Ascott Serviced Apartments; the repairing of floor paint in the B1 floor parking garage and replacement of stones in the driveway of the drop-off area in Wuhan Properties; the retrofit project of the display screen in the surveillance center, the peripheral and first-floor surveillance system in Shanghai Yue Xiu Tower; the upgrading and reconstruction of the lobby in Tower B, the B1 floor parking garage, logistics and peripheral passages, elevator safety upgrading and renovation projects and light-current surveillance system in Tower B of Hangzhou Victory, and the retrofit project of vacant units of Yuexiu REIT's office projects. The expected investment for the above renovation projects amounted to more than RMB50 million, and the equipment safety and business environment of the projects are expected to improve on a continuous basis.

ACTIVE MANAGEMENT IN FINANCING RISKS AND EFFECTIVE REDUCTION IN FINANCING COST

In terms of liquidity management, with regard to the offshore syndicated loan of HK\$2.8 billion due in August, the syndicated loan of HK\$2.0 billion and the onshore loan of RMB85 million due in December 2023, the Manager planned ahead and completed the issuance of the first tranche of RMB1.5 billion Shanghai Free Trade Zone Bonds with a coupon rate of 4.15% in March, and withdrew RMB1.5 billion, the first tranche of the RMB4 billion cross-border direct loans in June, to partially refinance the maturing offshore loan during the year. The offshore loan due in August is total repaid on 21 July 2023.

As for the interest rate management, with interest rates soaring in offshore markets and financing costs remaining high this year, the RMB interest rate entered a downward trend to support domestic economic recovery. Taking advantage of the spread window of the RMB financing cost, the Manager replaced the existing offshore foreign currency financing with RMB loans, thereby reducing the overall financing cost and narrowing the interest rate exposure. Interest rate exposure is expected to drop to 48% upon completion of the loans replacement of RMB4 billion in August. At the end of June 2023, the average financing cost of Yuexiu REIT was 4.90%, representing an increase of 7 basis points from 4.83% at the end of last year.

With regard to foreign exchange management, RMB depreciated significantly against US dollar since last year due to the combined effects of continuous US dollar interest rate hikes and RMB entering an interest rate cut cycle. The Manager continued its focus on the market dynamics by adopting effective management strategies and foreign exchange hedging tools at reasonable cost to monitor foreign exchange exposure. In the first half of 2023, Yuexiu REIT's accumulated exchange loss was RMB125 million, the fair value gain of hedging products was RMB189 million, and the net gain for the half year was RMB64 million (corresponding period of 2022: net loss of RMB710 million). Up to now, foreign exchange hedging have been arranged to cover loan of HK\$5.92 billion, and the remaining foreign exchange exposure is equivalent to approximately RMB12.3 billion, accounting for 56% of total financing. Currently, the functional currency of offshore financing entities has been changed to Hong Kong dollars, and the Manager plans to gradually narrow the exchange rate exposure by increasing the proportion of low-cost RMB financing when adjusting the financing structure.

FINANCIAL REVIEW

Financial Results

During the Interim Period, gross income was higher than the corresponding period of 2022. The following is a summary of Yuexiu REIT's financial results during the Interim Period:

	Six months ended 30 June		Increase/ (decrease)
	2023 Unaudited RMB'000	2022 Unaudited RMB'000	
Gross income	1,060,864	943,667	12.4%
Hotel and serviced apartments direct expenses	(161,558)	(126,235)	28.0%
Leasing agents' fee	(24,743)	(23,881)	3.6%
Property related taxes (<i>Note 1</i>)	(109,788)	(105,655)	3.9%
Other property expenses (<i>Note 2</i>)	(2,202)	(1,154)	90.8%
Total property operating expenses	(298,291)	(256,925)	16.1%
Net property income	762,573	686,742	11.0%
Withholding tax	(23,239)	(16,362)	42.0%
Depreciation and amortization	(70,399)	(67,525)	4.3%
Manager's fees	(83,432)	(82,130)	1.6%
Trustee's fees	(6,351)	(6,350)	0.0%
Other trust expenses (<i>Note 3</i>)	9,763	(45,526)	121.4%
Total non-property operating expenses	(173,658)	(217,893)	(20.3)%
Profit before finance income, finance expenses and tax	588,915	468,849	25.6%
Finance income	14,265	11,395	25.2%
Finance expenses	(548,243)	(995,477)	(44.9)%

	Six months ended 30 June		
	2023	2022	Increase/ (decrease)
	Unaudited	Unaudited	
	RMB'000	RMB'000	
Profit/(loss) before tax	54,937	(515,233)	110.7%
Income tax expenses	<u>(131,457)</u>	<u>(132,074)</u>	(0.5)%
Net loss after tax before fair value gains on investment properties and fair value gain on derivative financial instruments	(76,520)	(647,307)	(88.2)%
Fair value gains on investment properties	666	13,940	(95.2)%
Fair value gain on derivative financial instruments	<u>163,403</u>	<u>112,288</u>	45.5%
Net profit/(loss) after tax before transactions with Unitholders	<u>87,549</u>	<u>(521,079)</u>	116.8%

Note 1 Property related taxes include real estate tax, land use right tax, urban construction and maintenance tax, education surcharge, local education surcharge and stamp duties etc.

Note 2 Other property expenses include valuation fee, insurance premium, trade receivable loss allowance and other expenses incurred at the level of the properties.

Note 3 Other trust expenses include audit fees, printing charges, unit registrar 's fees, listing fees, legal advisory fees, exchange differences from operation and miscellaneous expenses.

Gross income comes from office, wholesales, retails, hotel and serviced apartments. The following table shows an analysis of gross income:

(RMB'000)	Six months ended 30 June	
	2023	2022
Office (<i>Note 1</i>)	612,326	637,862
Wholesales (<i>Note 1</i>)	107,702	63,337
Retails (<i>Note 1</i>)	84,583	76,763
Hotel and serviced apartments (<i>Note 2</i>)	256,253	165,705
Total	<u>1,060,864</u>	<u>943,667</u>

Note 1 In 2022, due to the re-emergence of the COVID-19, Yuexiu REIT provided temporary rent concessions to certain tenants of its office, wholesales mall and retail mall.

Note 2 In 2022, due to the relapse of the COVID-19, Four Seasons Hotel Guangzhou recorded a drop in its average occupancy rate and average room rate.

During the Interim Period, net property income amounted to approximately RMB762,573,000 (2022: RMB686,742,000), being the income after deduction of hotel and serviced apartments direct expenses, property related taxes, leasing agents' fees and other property operating expenses, representing approximately 71.9% (2022: 72.8%) of total gross income. The table below sets out an analysis of net property income:

(RMB'000)	Six months ended 30 June	
	2023	2022
Office	515,315	536,762
Wholesales	90,756	53,900
Retails	71,939	64,554
Hotel and serviced apartments	84,563	31,526
Total	<u>762,573</u>	<u>686,742</u>

Hotel and serviced apartments direct expenses were RMB161,558,000 (including depreciation expense of RMB6,126,000 incurred in connection with right-of-use assets and interest expense of RMB731,000 incurred in connection with lease liabilities), an increase of 28.0% as compared with six months ended 30 June 2022. It was mainly due to an increase in the gross income from hotel and serviced apartments.

Leasing agents' fee increased by approximately 3.6% as compared with six months ended 30 June 2022. It was mainly due to an increase of rental income.

Property related taxes increased by approximately 3.9% as compared with six months ended 30 June 2022. It was mainly due to an increase of rental income.

As the hotel and serviced apartments were booked as fixed assets, they incurred the depreciation and amortization charge.

The finance income received for the Interim Period amounted to approximately RMB14,265,000 (2022: RMB11,395,000).

As RMB depreciated against HK\$ and USD for the Interim Period, the bank borrowings denominated in Hong Kong Dollar and guaranteed medium term notes denominated in Hong Kong Dollar and United States Dollar resulted in an exchange loss of approximately RMB124,742,000. Excluding the exchange loss, the finance expenses incurred for the Interim Period amounted to approximately RMB423,501,000 (2022: Excluding the exchange loss, the finance expenses were RMB215,914,000). The average one-month Hong Kong Interbank Offered Rate ("HIBOR") for the first half of 2023 was 3.52%, which was higher than that of 2022 by approximately 326 basis points and led to an increase of interest expenses on the floating portion of debt.

Profit after tax before transactions with Unitholders amounted to approximately RMB87,549,000 (2022: Loss RMB521,079,000), which represented an increase of approximately 116.8%, mainly due to an improvement of operation and fair value gain on derivative financial instruments offset the exchange loss incurred by the bank borrowings denominated in HK\$ and guaranteed medium term notes denominated in HK\$ and USD.

New Units Issued and Unit Activity

In respect of the settlement of Manager's fee for the period from 1 July 2022 to 31 December 2022, Yuexiu REIT issued 49,882,982 new units at HK\$1.93 per unit on 24 March 2023.

As at 30 June 2023, a total of 4,833,663,307 units were issued by Yuexiu REIT.

The unit price of the Yuexiu REIT reached a high of HK\$2.73 and a low of HK\$1.39 during the Interim Period. The average trading volume amounted to approximately 4,420,000 units per day (2022: 3,095,000 units) during the Interim Period.

Deferred Units

According to the offering circular in relation to the acquisition of GZIFC dated 30 June 2012, commencing from 31 December 2016, the Yuexiu REIT will, on 31 December of each year, issue to Yuexiu Property Company Limited ("YXP") (or YXP Nominee) such number of Deferred Units as shall be equal to the maximum number of units that may be issued to YXP (or YXP Nominee) and its concert parties which, when aggregated with the Manager Fee Units that are expected to be issued during the period of 12 months after the relevant Issue Date, will not trigger an obligation on the part of YXP (and parties acting in concert with it) to make a mandatory general offer under Rule 26 of the Takeovers Code for all units not already owned or agreed to be acquired by them at the relevant time.

As stated in the circular dated 13 November 2021 (“2021 Circular”), in light of the subscription price of the Rights Issue (being HK\$3.20) being at a discount greater than 10% of the average of the daily closing prices of the Units for the five consecutive trading days preceding the date of the 2021 Announcement (being HK\$3.67), the Deferred Units Issue Price shall be adjusted by multiplying the current Deferred Units Issue Price (being HK\$4.00 per unit) by the fraction as set out under the Indebtedness Agreement and further described in the 2021 Circular (the “Deferred Units Issue Price Adjustment”). The Deferred Units Issue Price Adjustment has taken effect upon the completion of the Rights Issue, which has taken place on 26 January 2022.

Accordingly, following the Deferred Units Issue Price Adjustment and the Deferred Units Arrangement Modification (as described in the announcement on 31 December 2021), and assuming no other Deferred Units Adjustment Events eventuate, it is expected that the balance of the Assignment consideration will be fully settled before 31 December 2025 by the issue of 329,808,584 Deferred Units (the “Further Deferred Units”) in aggregate at HK\$3.861652 per unit.

Accordingly, on 31 December 2022, the Yuexiu REIT issued 75,000,000 units (being the “2022 Deferred Units”) at a price of HK\$3.861652 per unit to a wholly-owned subsidiary of YXP in partial satisfaction of the outstanding consideration from the Yuexiu REIT’s investment in GZIFC in 2012.

Net Asset Value

The net assets (including net assets attributable to deferred unitholders) attributable to existing Unitholders per unit as at 30 June 2023 was approximately RMB3.24 (31 December 2022: RMB3.37).

CAPITAL AND FINANCIAL STRUCTURE

Yuexiu REIT's borrowings are as follows:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Bank borrowings and notes		
Denominated in RMB	4,196,867	1,234,400
Denominated in HK\$	14,839,645	15,885,279
Denominated in USD	2,885,708	2,785,478
	<u>21,922,220</u>	<u>19,905,157</u>
Total bank borrowings and notes		
Maturity analysis		
Within one year	5,570,263	4,364,124
Two to five years	16,351,957	15,541,033
Beyond five years	—	—
The effective interest rate (per annum) of the borrowings and notes at the balance sheet date		
RMB	3.60%	3.45%
HK\$	5.69%	5.31%
USD	2.72%	2.72%

The overall effective interest rate (per annum) of the borrowings and notes at the balance sheet date was 4.90% (as at 31 December 2022: 4.83%). The average interest rate was approximately 4.19% (2022: 2.28%) for the Interim Period.

On 17 March 2023, Yuexiu REIT, through its offshore project company, proposed issue CNY1,500,000,000 4.15% Guaranteed Notes due 2026. On 24 March 2023, the Guaranteed Notes are issued and listed in MOX. It were drawn down for repayment of certain HK\$ bank loan facility. For details, please refer to the announcements dated 17 March 2023 and 24 March 2023.

On 25 June 2023, Yuexiu REIT, through its offshore project company, entered into a facility agreement with an onshore bank in connection with a three-year secured and fixed rate term loan facility of RMB4,000,000,000. RMB1,500,000,000 was drawn down on 26 June 2023, RMB1,500,000,000 was drawn down 10 July 2023, RMB500,000,000 was drawn down on 24 July 2023 and RMB500,000,000 was drawn down on 7 August 2023, for the purpose of repayment of certain HK\$ bank loan facility. For details, please refer to the announcement dated 25 June 2023.

The Manager adopted a series of liquidity management measures. It managed the annual interest rate at a reasonable level and be alert for the foreign exchange risk.

As at 30 June 2023, capped forward hedging was applied to certain foreign bank loans and bonds to fix the RMB exchange rate. The total hedged loan and bonds amount was approximately RMB5,455,263,000 (as at 31 December 2022: RMB5,279,029,000).

As at 30 June 2023, Yuexiu REIT held certain hedging financial derivatives with fair value assets of approximately RMB244,289,000 (as at 31 December 2022: fair value assets of hedging financial derivatives of approximately RMB76,854,000).

As at 30 June 2023, total borrowings of Yuexiu REIT amounted to approximately RMB21,922,220,000 which represented approximately 48.2% of total assets of Yuexiu REIT (as at 31 December 2022: 45.4%). After completion of the repayment of offshore bank loans with bank loans of RMB4,000,000,000, the gearing ratio was approximately 46.5% in August 2023. The percentage of bank borrowings and notes denominated in RMB will increase to 33.2% from 19.1%, while the percentage of bank borrowings and notes denominated in HK\$ will decrease to 52.7% from 67.7%.

The above said gearing ratio was below the maximum borrowing limit of 50% as stipulated in the REIT Code.

As at 30 June 2023, total liabilities of Yuexiu REIT (excluding net assets attributable to Unitholders) amounted to approximately RMB28,571,926,000, representing approximately 62.9% of total assets of Yuexiu REIT.

Cash Position

As at 30 June 2023, cash and cash equivalents, short-term deposit balance and long-term bank deposit balance of Yuexiu REIT amounted to approximately RMB2,807,230,000. Yuexiu REIT has sufficient financial resources to satisfy its financial commitments and working capital requirements.

The Manager has adopted a prudent approach in cash management to ensure flexibility to meet the operational needs and the distributions of Yuexiu REIT.

REVIEW OF FINANCIAL RESULTS

The results of Yuexiu REIT for the Interim Period have been reviewed by the Disclosures Committee and Audit Committee of the Manager and by Yuexiu REIT's auditor in accordance with Hong Kong Standards on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

ISSUANCE OF 2023 INTERIM REPORT

The interim report of Yuexiu REIT for the six months ended 30 June 2023 will be published on the websites of the Stock Exchange and Yuexiu REIT, and will be sent to Unitholders on or before 31 August 2023.

REPURCHASE, SALE OR REDEMPTION OF UNITS

Yuexiu REIT may, subject to the fulfillment of certain requirements, purchase its own Units on the Stock Exchange. During the Interim Period, there was no repurchase, sale or redemption of units of Yuexiu REIT by Yuexiu REIT or any of its subsidiaries.

SUMMARY OF ALL REAL ESTATE SALES AND PURCHASES

Yuexiu REIT or any of its subsidiaries did not enter into any real estate sale and purchase during the Interim Period.

EMPLOYEES

As at 30 June 2023, Yuexiu REIT employed 542 and 131 employees in China for hotel operation and for serviced apartments operation through its subsidiaries respectively, mainly to fulfill its operating functions and provision of service for hotel and serviced apartments.

Save as disclosed above, Yuexiu REIT is managed by the Manager. Yuexiu REIT does not employ any staff directly.

CORPORATE GOVERNANCE

Except from Article C.2.1 of the Corporate Governance Code, it is required that the roles of the Chairman and the Chief Executive Officer should be segregated and should not be performed by the same individual. At present, Mr. Lin Deliang is also the Chairman and Chief Executive Officer of the Manager. This structure is considered of more efficiency in business planning and decision-making for Yuexiu REIT. The Board also does not believe that the current structure of a single Chairman and Chief Executive Officer will compromise the balance of power and authority between the Board and the Manager's management.

The Manager has adopted an overall corporate governance framework of the Code of Best Practice that is designed to promote the operation of Yuexiu REIT in a transparent manner with built-in checks and balances which are critical to the performance of the Manager and consequently, the success of Yuexiu REIT which it manages.

The Manager has adopted a compliance manual (the “Compliance Manual”) and the principles and provisions of the Corporate Governance Code for use in relation to the management and operation of Yuexiu REIT which includes key policies and procedures to maintain a high standard of corporate governance.

During the Interim Period, the Manager has complied with the provisions of the Compliance Manual for its management of Yuexiu REIT.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	<i>Notes</i>	Six months ended 30 June	
		2023 <i>(Unaudited)</i> RMB'000	2022 <i>(Unaudited)</i> RMB'000
Revenue	6	1,060,864	943,667
Operating expenses, net	7	(471,218)	(474,634)
Fair value gains on investment properties	14	666	13,940
Change in fair value of derivative financial instruments		163,403	112,288
Finance income	9	14,265	11,395
Finance expenses	10	(548,974)	(995,661)
Profit/(loss) before income tax and transactions with unitholders		219,006	(389,005)
Income tax expense	11	(131,457)	(132,074)
Profit/(loss) after income tax before transactions with unitholders		87,549	(521,079)
Transactions with unitholders	24	334,771	478,091
Profit/(loss) after income tax and transactions with unitholders		422,320	(42,988)
<u>Other comprehensive (loss)/income for the period</u>			
<u>Items that will not be classified to profit or loss:</u>			
Change in fair value of property, plant and equipment			
– Gross		(808)	78,473
– Tax		226	(21,978)
		(582)	56,495
<u>Items that may be classified to profit or loss:</u>			
Exchange differences on translation of foreign operations		(429,380)	—
Other comprehensive (loss)/income for the period, net of tax		(429,962)	56,495
Total comprehensive (loss)/income for the period		(7,642)	13,507

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	Attributable to				Total <i>(Unaudited)</i> <i>RMB'000</i>
	Unitholders before transactions with unitholders <i>(Unaudited)</i> <i>RMB'000</i>	Transactions with unitholders (Note 24) <i>(Unaudited)</i> <i>RMB'000</i>	Unitholders after transactions with unitholders <i>(Unaudited)</i> <i>RMB'000</i>	Non- controlling interests <i>(Unaudited)</i> <i>RMB'000</i>	
Loss for the period ended					
30 June 2022	(533,998)	478,091	(55,907)	12,919	(42,988)
Other comprehensive income:					
<u>Items that will not be reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	55,907	—	55,907	588	56,495
Total comprehensive income for the period ended 30 June 2022	<u>(478,091)</u>	<u>478,091</u>	<u>—</u>	<u>13,507</u>	<u>13,507</u>
Profit for the period ended					
30 June 2023	95,184	334,771	429,955	(7,635)	422,320
Other comprehensive income:					
<u>Items that will not be reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	(575)	—	(575)	(7)	(582)
<u>Items that may be reclassified to profit or loss:</u>					
Exchange differences on translation of foreign operations	(429,380)	—	(429,380)	—	(429,380)
Total comprehensive income for the period ended 30 June 2023	<u>(334,771)</u>	<u>334,771</u>	<u>—</u>	<u>(7,642)</u>	<u>(7,642)</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

Notes:

- (i) In accordance with the Trust Deed dated 7 December 2005, as amended by first supplemental deed on 25 March 2008, second supplemental deed on 23 July 2010, third supplemental deed on 25 July 2012, fourth supplemental deed dated 3 April 2020 and fifth supplemental deed dated 28 May 2021 (the “Trust Deed”), Yuexiu Real Estate Investment Trust (“Yuexiu REIT”) is required to distribute to the unitholders not less than 90% of its total distributable income for each financial period. Yuexiu REIT has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations to pay cash distributions and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of Yuexiu REIT less any liabilities, in accordance with unitholders’ proportionate interests in Yuexiu REIT at the date of the termination of Yuexiu REIT. The unitholders’ funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32, Financial Instruments: Disclosure and Presentation. Consistent with unitholders’ funds being classified as a financial liability, the distributions to unitholders are part of finance costs which are recognised in the interim condensed consolidated statement of comprehensive income. The classification does not have an impact on the net assets attributable to the unitholders. It only affects how unitholders’ funds are disclosed in the interim condensed consolidated balance sheet and how distributions are disclosed in the interim condensed consolidated statement of comprehensive income. Total distributable income is determined in the interim condensed consolidated distribution statement.
- (ii) Earnings/(losses) per unit, based upon profit/(loss) after income tax before transactions with unitholders attributable to unitholders and the weighted average number of units in issue, are presented in Note 25.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
30 JUNE 2023

	<i>Notes</i>	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	12	2,145,683	2,183,683
Right-of-use assets	13	1,184,980	1,215,748
Investment properties	14	37,725,723	37,702,232
Deferred assets, prepayments, deposits and other receivables	15	232,139	235,425
Goodwill	16	859,868	859,868
Bank deposits	19	—	30,000
Total non-current assets		42,148,393	42,226,956
Current assets			
Inventories		2,814	3,080
Trade and lease receivables	18	56,880	32,673
Amounts due from related parties		57,220	45,228
Deferred assets, prepayments, deposits and other receivables	15	114,857	100,579
Derivative financial instruments	17	244,289	100,005
Tax recoverable		11,453	4,138
Bank deposits	19	50,000	20,000
Cash and cash equivalents	19	2,757,230	1,333,773
Total current assets		3,294,743	1,639,476
Total assets		45,443,136	43,866,432
Equity			
Reserves		(565,212)	(135,257)
Retained earnings		565,212	135,257
		—	—
Non-controlling interests		1,207,634	1,217,242
Total equity		1,207,634	1,217,242

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

30 JUNE 2023

	<i>Notes</i>	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Current liabilities			
Trade payables	21	19,820	25,190
Rental deposits, current portion	22	175,497	186,238
Receipts in advance	22	87,550	96,553
Accruals and other payables	22	493,551	453,448
Amounts due to related parties		126,449	142,036
Borrowings	23	5,570,263	4,364,124
Lease liabilities	13	10,655	10,485
Tax payables		56,474	89,062
		<hr/>	<hr/>
Total current liabilities		6,540,259	5,367,136
		<hr/>	<hr/>
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	22	218,199	209,987
Borrowings	23	16,351,957	15,541,033
Deferred tax liabilities	20	5,444,740	5,380,971
Derivative financial instruments	17	—	23,151
Lease liabilities	13	16,771	22,517
		<hr/>	<hr/>
Total non-current liabilities		22,031,667	21,177,659
		<hr/>	<hr/>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

30 JUNE 2023

	<i>Notes</i>	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Total liabilities, other than net assets attributable to unitholders		<u>28,571,926</u>	<u>26,544,795</u>
Net assets attributable to unitholders	24	<u>15,663,576</u>	<u>16,104,395</u>
Total equity and liabilities		<u>45,443,136</u>	<u>43,866,432</u>
Net current liabilities		<u>(3,245,516)</u>	<u>(3,727,661)</u>
Units in issue ('000)	24	<u>4,833,663</u>	<u>4,783,780</u>
Net assets attributable to unitholders per unit (RMB)		<u>RMB3.24</u>	<u>RMB3.37</u>

**INTERIM CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	Six months ended 30 June	
<i>Notes</i>	2023	2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders	95,184	(533,998)
Adjustments for the total distributable income (i)		
– Fair value gains on investment properties	(24,003)	(14,895)
– Deferred taxation in respect of fair value gains on investment properties charged to profit or loss	24,690	24,700
– Different depreciation and amortisation charges on investment properties, property, plant and equipment and land use rights under China Accounting Standards (“CAS”)	(197,008)	(195,278)
– Fair value gains on derivative financial instruments	(163,403)	(112,288)
	(264,540)	(831,759)
Additional items (ii)		
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS	197,008	195,278

INTERIM CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Six months ended 30 June	
	<i>Notes</i>	2023	2022
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		RMB'000	RMB'000
– Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards (“HKFRSs”)		69,687	66,841
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		50,901	50,735
– Manager’s fee paid and payable in units in lieu of cash		83,432	82,130
– Foreign exchange losses on financing activities		124,742	779,563
		<hr/>	<hr/>
Distributable income after additional items		261,230	342,788
Distributable amount at 1 January		190,680	457,990
Distribution paid during the period (iii)	24	(190,448)	(457,835)
		<hr/>	<hr/>
Interim distribution declared (iv)		261,462	342,943
		<hr/> <hr/>	<hr/> <hr/>
Distribution per unit, declared (iv)		RMB0.0541	RMB0.0734
		<hr/> <hr/>	<hr/> <hr/>

**INTERIM CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

Notes:

- (i) Under the terms of the Trust Deed, the total distributable income is the consolidated profit after income tax before transactions with unitholders attributable to unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the interim condensed consolidated statement of comprehensive income for the relevant period.
- (ii) Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the “Manager”), intends to distribute certain additional items on top of the total distributable income under the Trust Deed and the circular dated 30 June 2012.
- (iii) A distribution of RMB 0.0394 per unit, totalling RMB190,448,000 (equivalent to HK\$216,548,000), was paid to unitholders on 25 May 2023.
- (iv) Interim distribution in respect of the six months ended 30 June 2023 of RMB0.0541 (equivalent to HK\$0.0590) per unit, totalling RMB261,462,000 (equivalent to HK\$285,400,000) was declared by the Board of the Manager on 15 August 2023.

The Manager calculated the above per unit figures based on the units in issue as at 30 June 2023 as disclosed in Note 24.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF NET ASSETS
ATTRIBUTABLE TO UNITHOLDERS AND CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	Equity						Total	
	Net assets Attributable to unitholders <i>RMB'000</i>	(Accumulated losses)/		Revaluation reserve <i>RMB'000</i>	Hedge reserve <i>RMB'000</i>	Exchange Fluctuation reserve <i>RMB'000</i>		Non- controlling interests <i>RMB'000</i>
		Retained	earnings/					
		earnings	losses/					
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>		
At 1 January 2022	14,717,852	(422,544)	422,544	—	—	1,206,026	15,923,878	
Issuance of units (Note 24)	3,276,892	—	—	—	—	—	3,276,892	
Loss for the period attributable to:								
– Unitholders	(478,091)	—	—	—	—	—	(478,091)	
– Equity holders	—	(55,907)	—	—	—	12,919	(42,988)	
Change in fair values of cash flow hedges	—	—	—	1,365	—	—	1,365	
Hedging gain reclassified to profit or loss	—	—	—	(1,365)	—	—	(1,365)	
Distributions paid to unitholders	(542,985)	—	—	—	—	—	(542,985)	
Change in fair value of property, plant and equipment, net of tax	—	—	55,907	—	—	588	56,495	
At 30 June 2022	<u>16,973,668</u>	<u>(478,451)</u>	<u>478,451</u>	<u>—</u>	<u>—</u>	<u>1,219,533</u>	<u>18,193,201</u>	
At 1 January 2023	<u>16,104,395</u>	<u>135,257</u>	<u>490,902</u>	<u>—</u>	<u>(626,159)</u>	<u>1,217,242</u>	<u>17,321,637</u>	
Issuance of units (Note 24)	84,400	—	—	—	—	—	84,400	
Profit for the period attributable to:								
– Unitholders	(334,771)	—	—	—	—	—	(334,771)	
– Equity holders	—	429,955	—	—	—	(7,635)	422,320	
Distributions paid to								
– Unitholders	(190,448)	—	—	—	—	—	(190,448)	
– Equity holders	—	—	—	—	—	(1,966)	(1,966)	
Change in fair value of property, plant and equipment, net of tax	—	—	(575)	—	—	(7)	(582)	
Exchange differences on translation of foreign operations	—	—	—	—	(429,380)	—	(429,380)	
At 30 June 2023 (unaudited)	<u>15,663,576</u>	<u>565,212</u>	<u>490,327</u>	<u>—</u>	<u>(1,055,539)</u>	<u>1,207,634</u>	<u>16,871,210</u>	

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	Six months ended 30 June	
	2023	2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities		
Cash generated from operations	693,905	581,215
Interest paid	(397,157)	(198,452)
Income tax paid	(116,879)	(86,330)
	<hr/>	<hr/>
Net cash from operating activities	179,869	296,433
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash flows from investing activities		
Additions of investment properties	(23,556)	(29,129)
Additions of property, plant and equipment	(8,565)	(8,395)
Interest received	14,265	11,395
Changes in bank deposits	—	(26,476)
Payment for acquisition of a subsidiary, net of cash acquired	—	(3,527,788)
	<hr/>	<hr/>
Net cash used in investing activities	(17,856)	(3,580,393)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash flows from financing activities		
Distribution paid	(192,414)	(542,985)
Proceeds from borrowings, net of transaction costs	2,954,126	1,730,563
Repayment of borrowings	(1,523,197)	(713,400)
Issuance of units	—	3,221,968
Principal elements of lease payments	(6,083)	(5,581)
	<hr/>	<hr/>
Net cash from financing activities	1,232,432	3,690,565
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net increase in cash and cash equivalents	1,394,445	406,605
Cash and cash equivalents at beginning of the period	1,333,773	1,453,356
Effects of foreign exchange rate changes, net	29,012	(26,729)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	2,757,230	1,833,232
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

1 General information

Yuexiu Real Estate Investment Trust (“Yuexiu REIT”) and its subsidiaries (together, the “Group”) are mainly engaged in the leasing of commercial properties in mainland China (“China”).

Yuexiu REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed entered into between the Manager and HSBC Institutional Trust Services (Asia) Limited, as the Trustee of Yuexiu REIT (the “Trustee”) on 7 December 2005 (as amended by First Supplemental Deed dated 25 March 2008, Second Supplemental Deed dated 23 July 2010, Third Supplemental Deed dated 25 July 2012, Fourth Supplemental Deed dated 3 April 2020 and Fifth Supplemental Deed dated 28 May 2021) and authorised under section 104 of the Securities and Futures Ordinance subject to the applicable conditions imposed by Securities and Futures Commission from time to time. The address of its registered office is 17B, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong.

Yuexiu REIT was listed on The Stock Exchange of Hong Kong Limited on 21 December 2005.

This interim condensed consolidated financial information is presented in Renminbi (“RMB”), unless otherwise stated. This interim condensed consolidated financial information was approved for issue by the Board of Directors of the Manager on 15 August 2023.

This interim condensed consolidated financial information has not been audited.

2 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022 which have been prepared in accordance with HKFRSs.

As at 30 June 2023, the Group's current liabilities exceeded its current assets by RMB3,245,516,000 (31 December 2022: RMB3,727,661,000) due to the borrowings of RMB5,570,263,000 fall due within twelve months from the balance sheet date (31 December 2022: borrowings of RMB4,364,124,000 fall due within twelve months from the balance sheet date). The Manager is in the process of arranging various sources of funding, which include discussing with the Group's existing principal bankers for refinancing, to meet with the settlement of the bank borrowings fall due within twelve months from the balance sheet date. Taking into account the financial resources available, including existing undrawn bank facilities and further limit available under the US\$1.5 billion guaranteed medium term note programme established on 16 April 2018 pursuant to the subscription agreement dated 23 April 2018 (the "MTN Programme"), as well as the abovementioned refinancing plan, the Manager considers the Group has adequate resources to meet its liabilities as and when they fall due as well as its working capital and operating requirements for the foreseeable future. Accordingly, the directors consider it is appropriate the going concern basis has been adopted in preparing this interim condensed consolidated financial information.

3 Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

The adoption of these new and revised HKFRSs did not result in any significant impact on the results and financial position of the Group.

4 Significant judgements and accounting estimates

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2022.

There have been no significant changes in the risk management policies since the last year end.

6 Revenue and segment information

The chief operating decision-maker has been identified as the executive directors of the Manager. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

The executive directors consider the business by nature of business activities and assess the performance of hotel and service apartments, office rental and wholesale and shopping mall.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors is measured in a manner consistent with that in the interim condensed consolidated financial information.

Total assets excluded corporate assets which are not directly attributable to segments.

The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the interim condensed consolidated statement of comprehensive income.

	Hotel and serviced apartments	Office rental	Wholesale and shopping mall	Group
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Period ended 30 June 2023				
Revenue from external customers	<u>256,253</u>	<u>612,326</u>	<u>192,285</u>	<u>1,060,864</u>
Segment results	<u>8,757</u>	<u>557,960</u>	<u>126,852</u>	<u>693,569</u>
Depreciation	<u>76,525</u>	<u>—</u>	<u>—</u>	<u>76,525</u>
Fair value gains/(losses) on investment properties	<u>—</u>	<u>36,509</u>	<u>(35,843)</u>	<u>666</u>
Period ended 30 June 2022				
Revenue from external customers	<u>165,705</u>	<u>637,862</u>	<u>140,100</u>	<u>943,667</u>
Segment results	<u>(35,802)</u>	<u>604,687</u>	<u>64,454</u>	<u>633,339</u>
Depreciation	<u>72,501</u>	<u>11</u>	<u>—</u>	<u>72,512</u>
Fair value gains/(losses) on investment properties	<u>—</u>	<u>67,940</u>	<u>(54,000)</u>	<u>13,940</u>
As at 30 June 2023				
Total reportable segments' assets	<u>3,624,743</u>	<u>31,588,914</u>	<u>9,329,074</u>	<u>44,542,731</u>
As at 31 December 2022				
Total reportable segments' assets	<u>3,735,044</u>	<u>29,863,243</u>	<u>9,321,980</u>	<u>42,920,267</u>

A reconciliation of total segment results to total profit/(loss) before income tax and transactions with unitholders is provided as follows:

	Six months ended 30 June	
	2023	2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Segment results	693,569	633,339
Changes in fair value of derivative financial instruments	163,403	112,288
Unallocated operating costs (Note)	(103,257)	(150,366)
	<hr/>	<hr/>
Operating profit	753,715	595,261
Finance income	14,265	11,395
Finance expenses	(548,974)	(995,661)
	<hr/>	<hr/>
Profit/(loss) before income tax and transactions with unitholders	<u>219,006</u>	<u>(389,005)</u>

Note: Unallocated operating costs include mainly manager's fee, legal and professional expenses and other operating expenses incurred at corporate level.

A reconciliation of reportable segments' assets to total assets is provided as follows:

	30 June	31 December
	2023	2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Total reportable segments' assets	44,542,731	42,920,267
Corporate assets	900,405	946,165
Total assets	45,443,136	43,866,432

	Revenue		Total assets	
	Six months ended 30 June		30 June	31 December
	2023	2022	2023	2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000	RMB'000	RMB'000
mainland China and Hong Kong	1,060,864	943,667	44,542,731	42,920,267
Unallocated corporate assets			900,405	946,165
Total			45,443,136	43,866,432

The Group's revenue by nature is as follows:

	Six months ended 30 June	
	2023	2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Hotel and serviced apartments operations		
Room rentals	165,602	98,595
Food and beverages	75,368	61,031
Others	15,283	6,079
Property rentals	804,611	777,962
	<hr/>	<hr/>
Total	<u>1,060,864</u>	<u>943,667</u>

The following is an analysis of the Group's revenue by timing of satisfaction of performance obligations:

	Six months ended 30 June	
	2023	2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised at a point in time	85,905	63,982
Revenue recognised over time	169,022	101,033
Other sources	805,937	778,652
	<hr/>	<hr/>
Total	<u>1,060,864</u>	<u>943,667</u>

7 Expenses by nature

	Six months ended 30 June	
	2023	2022
	<i>(Unaudited)</i> <i>RMB'000</i>	<i>(Unaudited)</i> <i>RMB'000</i>
Property management fee (i)	24,743	23,881
Employee benefit expense	67,204	55,406
Real estate tax	103,328	98,912
Flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	5,315	5,090
Withholding tax (ii)	23,239	16,362
Depreciation of property, plant and equipment (Note 12)	45,757	42,883
Depreciation of right-of-use assets (Note 13)	30,768	29,629
Cost of inventories sold or consumed in operation	46,981	39,360
Other direct expenses on hotel and serviced apartments	40,516	26,296
Manager's fee (Note 8)	83,432	82,130
Trustee's fee	6,351	6,350
Valuation fee	581	428
Legal and professional fee	8,329	6,877
Auditor's remuneration	1,200	1,800
Bank charges	213	221
Foreign exchange (gains)/losses	(29,734)	25,880
Others	12,995	13,129
	<hr/>	<hr/>
Total operating expenses, net	471,218	474,634

Notes:

- (i) The Group received leasing, marketing and tenancy management services from three leasing agents, namely, Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd. ("Yicheng BM"), Guangzhou Baima Business Operation Management Co., Ltd. ("Baima BM") and Guangzhou Yuexiu Asset Management Company Limited ("GZ AM").
- (ii) Withholding tax on the rental income and interest income derived from properties located in China and held by BVI companies is calculated at a rate of 10%.

8 Manager's fee

Pursuant to the Trust Deed, the Manager is entitled to receive remuneration for its services as manager of Yuexiu REIT, which is the aggregate of a base fee of 0.3% per annum of the carrying value of the deposited property as defined in the Trust Deed; a service fee of 3% per annum of net property income; a transaction fee of 1% of the consideration for the acquisition of any real estate from external party and a transaction fee of 0.5% of the gross sale price of the disposal of any part of deposited property comprising of Real Estate, as defined in the Trust Deed.

	Six months ended 30 June	
	2023	2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Manager's fee:		
In the form of units	83,432	82,130

Notes:

- (i) It is stated in the the circular of Yuexiu REIT dated 13 November 2021 ("2021 Circular") that, subject to the completion of Yuexiu REIT's acquisition of Yuexiu Financial Tower, the Manager intends to receive 100% of the Manager's fee payable for the years ending 31 December 2022, 31 December 2023 and 31 December 2024 in the form of units.
- (ii) Pursuant to 2021 Circular and subsequent announcement dated 14 January 2022, all of the Manager's fee for the year ended 31 December 2022, was paid in the form of units. Pursuant to 2021 Circular and subsequent announcement dated 13 January 2023, all of the Manager's fee for the year ending 31 December 2023, will be paid in the form of units.

9 Finance income

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank deposits	12,553	9,683
Interest income from a related party	1,712	1,712
Total	<u>14,265</u>	<u>11,395</u>

10 Finance expenses

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense for bank borrowings	340,089	147,777
Interest expense for other borrowings	71,607	50,675
Interest and finance charges paid/payable for lease liabilities (Note 13)	731	184
Amortisation of transaction costs for borrowings	11,805	13,843
Foreign exchange losses on financing activities	124,742	779,563
Interest expense due to a related party	—	3,619
Total	<u>548,974</u>	<u>995,661</u>

11 Income tax expense

For the subsidiaries incorporated and operating in China, they are subject to China corporate income tax at a rate of 25% under Corporate Income Tax Law of the People's Republic of China.

For other subsidiaries with operations in China, the corporate income tax was paid by way of withholding tax as disclosed in Note 7(ii).

No Hong Kong profits tax has been provided as the Group has no assessable profit in Hong Kong.

	Six months ended 30 June	
	2023 <i>(Unaudited)</i> RMB'000	2022 <i>(Unaudited)</i> RMB'000
Current income tax		
– China corporate income tax	41,072	25,109
– PRC withholding tax	26,390	9,165
Deferred income tax (Note 20)	63,995	97,800
Total	<u>131,457</u>	<u>132,074</u>

12 Property, plant and equipment

	Hotel and serviced apartments	Office supplies	Motor vehicles	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended 30 June 2022				
Opening net book amount as at				
1 January 2022	2,158,000	263	451	2,158,714
Additions	8,395	—	—	8,395
Depreciation	(42,868)	(15)	—	(42,883)
Fair value gains on revaluation	78,473	—	—	78,473
	<u>2,202,000</u>	<u>248</u>	<u>451</u>	<u>2,202,699</u>
Closing net book amount as at				
30 June 2022	<u>2,202,000</u>	<u>248</u>	<u>451</u>	<u>2,202,699</u>
At 30 June 2022				
At fair value	2,202,000	—	—	2,202,000
At cost	—	248	451	699
	<u>2,202,000</u>	<u>248</u>	<u>451</u>	<u>2,202,699</u>
Six months ended 30 June 2023				
Opening net book amount as at				
1 January 2023	2,183,000	244	439	2,183,683
Additions	8,565	—	—	8,565
Depreciation	(45,757)	—	—	(45,757)
Fair value losses on revaluation	(808)	—	—	(808)
	<u>2,145,000</u>	<u>244</u>	<u>439</u>	<u>2,145,683</u>
Closing net book amount as at				
30 June 2023	<u>2,145,000</u>	<u>244</u>	<u>439</u>	<u>2,145,683</u>
At 30 June 2023				
At fair value	2,145,000	—	—	2,145,000
At cost	—	244	439	683
	<u>2,145,000</u>	<u>244</u>	<u>439</u>	<u>2,145,683</u>
Total	<u>2,145,000</u>	<u>244</u>	<u>439</u>	<u>2,145,683</u>

If hotel and serviced apartments had not been revalued, it would have been included in the interim condensed consolidated financial information at historical cost less accumulated depreciation of RMB1,399,920,000 (31 December 2022: RMB 1,428,462,000).

As at 30 June 2023, property, plant and equipment with an aggregate carrying amount of approximately RMB1,910 million (31 December 2022: RMB 1,944 million) were pledged as collateral for the Group's bank borrowings (Note 23).

The following table analyses the property, plant and equipment carried at fair value:

	Six months ended 30 June	
	2023	2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Opening balance	2,183,000	2,158,000
Additions	8,565	8,395
Depreciation	(45,757)	(42,868)
Unrealised (losses)/gains recognised in reserve	(808)	78,473
	<hr/>	<hr/>
Closing balance	2,145,000	2,202,000
	<hr/> <hr/>	<hr/> <hr/>
Unrealised (losses)/gains for the period included in other comprehensive (loss)/income for assets held at the end of the period	(808)	78,473
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Valuation processes of the Group

The Group measures the building portion of hotel and serviced apartments at fair value. Hotel and serviced apartments were revalued by Colliers International (Hong Kong) Limited ("Colliers"), being independent qualified valuer not related to the Group as at 30 June 2023 and 31 December 2022.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial period end, the finance department:

- Verifies all major inputs to the independent valuation report
- Assesses property valuations movements when compared to the prior year valuation report
- Holds discussions with the independent valuer

Valuation techniques

Fair value of the building portion of hotel and serviced apartments of Guangzhou International Financial Centre (“Guangzhou IFC”) is derived using depreciated replacement cost method.

The depreciated replacement cost method involves estimation of the market redevelopment costs of the building portion of hotel and serviced apartments of Guangzhou IFC which includes building costs, finance costs and professional fee. Depreciation is also considered to reflect the physical deterioration, functional and economic obsolescence to derive the fair value.

The overall fair value (including land and building portions) of hotel and serviced apartments in mainland China is generally derived using the discounted cash flow analysis. Due to lack of land transaction in market, fair value of land, for disclosure purpose only as set out in Note 13, is therefore calculated as the difference between the fair value under discounted cash flow analysis and the fair value under depreciated replacement cost method.

In the course of discounted cash flow analysis, both income and expenses over the coming ten years from the date of valuation are itemised and projected annually taking into account the rental revenue, associated revenues and the expected growth of income and expenses. The net cash flow over the ten year period is discounted at an appropriate rate of return.

The net cash flow from eleventh year onwards to the expiry date of the land use rights from the government under which both portions are held is capitalised at a market yield expected for the particular type of property investment in the market.

The building portion of hotel and serviced apartments in property, plant and equipment are included in Level 3 (31 December 2022: Level 3) of the fair value hierarchy.

13 Lease

	Land use rights	Staff quarter	Total
	RMB'000	RMB'000	RMB'000
Right-of-use assets			
At 1 January 2022	1,232,114	9,146	1,241,260
Depreciation	<u>(24,642)</u>	<u>(4,987)</u>	<u>(29,629)</u>
At 30 June 2022	<u>1,207,472</u>	<u>4,159</u>	<u>1,211,631</u>
At 1 January 2023	1,182,832	32,916	1,215,748
Depreciation	<u>(24,642)</u>	<u>(6,126)</u>	<u>(30,768)</u>
At 30 June 2023	<u>1,158,190</u>	<u>26,790</u>	<u>1,184,980</u>
Lease liabilities			
		30 June	31 December
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Current portion		10,655	10,485
Non-current portion		<u>16,771</u>	<u>22,517</u>
Total		<u>27,426</u>	<u>33,002</u>

As at 30 June 2023, the fair value of land use rights is approximately RMB2,563 million (31 December 2022: RMB2,474 million). The change in fair value was not reflected in the interim condensed consolidated financial information.

As at 30 June 2023, rights-of-use assets were pledged with an aggregate net book amount of approximately RMB1,076 million (31 December 2022: RMB1,101 million) as collateral for the Group's bank borrowings (Note 23).

As at 30 June 2023 and 31 December 2022, all of the lease liabilities are due to 廣州越秀星寓公寓管理有限公司, a subsidiary of YXP.

The interim condensed consolidated statement of comprehensive income shows the following amount relating to leases:

Depreciation charge of right-of-use assets

	Six months ended 30 June	
	2023	2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Land use rights	24,642	24,642
Staff quarter	6,126	4,987
	<u>30,768</u>	<u>29,629</u>
Total	<u><u>30,768</u></u>	<u><u>29,629</u></u>
Interest expense (included in finance expenses) <i>(Note 10)</i>	<u>731</u>	<u>184</u>

14 Investment properties

	Six months ended 30 June	
	2023	2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Beginning of the period	37,702,232	37,657,000
Exchange differences	3,625	—
Additions	19,200	9,060
Fair value gains during the period, included in profit or loss under 'Fair value gains on investment properties'	<u>666</u>	<u>13,940</u>
End of the period	<u><u>37,725,723</u></u>	<u><u>37,680,000</u></u>
Fair value gains for the period included in profit or loss for assets held at the end of the period, under 'Fair value gains on investment properties'	<u><u>666</u></u>	<u><u>13,940</u></u>

The investment properties are located in mainland China and held on land use rights of 40 years to 50 years, expiring in 2045 through 2055. The investment properties located in Hong Kong are held on land use rights of 198 years, expiring in 2127.

In the interim condensed consolidated statement of comprehensive income, direct operating expenses include RMB18,102,000 (six months ended 30 June 2022: RMB14,196,000) relating to investment properties that were vacant.

As at 30 June 2023, investment properties with an aggregate carrying value of approximately RMB3,851 million (31 December 2022: RMB3,847 million) were pledged as collateral for the Group's bank borrowings (Note 23).

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Colliers being independent qualified valuer not related to the Group as at 30 June 2023 and 31 December 2022.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial period end, the finance department:

- Verifies all major inputs to the independent valuation report
- Assesses property valuations movements when compared to the prior year valuation report
- Holds discussions with the independent valuer

Valuation techniques

Fair value measurements using significant unobservable inputs

As at 30 June 2023 and 31 December 2022, Colliers mainly relied on the income capitalisation method as the primary approach and cross-checked by the market approach. The use of income capitalisation method is in line with market practice of property valuation for income-producing commercial assets which are the main asset class of the Group.

The income capitalisation method is based on the capitalisation of the current passing rental income and potential reversionary income of the property from the date of valuation at appropriate investment yields to arrive at the capital value. The appropriate adjustments/deductions for rent-free period, ongoing vacancy voids/marketing periods and non-recoverable expenses for the vacant space have been allowed.

The income capitalisation method is used to capitalise the unexpired rental incomes of contractual tenancies. It has also taken into account the reversionary market rents after the expiry of tenancies in capitalisation. The prevailing market rents adopted in the valuation have made reference to recent lettings and other similar comparable properties in the vicinity.

The investment properties are included in Level 3 (31 December 2022: Level 3) of the fair value hierarchy.

15 Deferred assets, prepayments, deposits and other receivables

Rental income is recognised on an accrued basis by averaging out the impact of rent-free periods, contracted rental escalations and such other terms affecting the cash received from rental income under each tenancy agreement. Thus, rental income is recognised on a straight-line basis for the entire lease term of each tenancy agreement, which effectively amortises the impact of rent-free periods, contracted rental escalations and other relevant terms on the rental income over the relevant lease periods. The temporary difference between the rental income as set out in the lease agreements and accounting rental income is reflected as deferred assets. Deferred assets which are expected to be realised within twelve months after the balance sheet date are classified as current assets. The balance of prepayments, deposits and other receivables mainly represents other tax prepayments, deposits for utilities and property maintenance fund. The deferred assets, prepayments, deposits and other receivables are mainly denominated in RMB.

16 Goodwill

	30 June	31 December
	2023	2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Cost	859,868	859,868
Accumulated impairment	—	—
Net book amount	<u>859,868</u>	<u>859,868</u>

17 Derivative financial instruments

	30 June	31 December
	2023	2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Current assets		
Interest rate swap contracts	11,566	37,254
Capped foreign exchange forward contracts	182,544	38,627
Foreign exchange forward contracts	50,179	24,124
Total	<u>244,289</u>	<u>100,005</u>
Non-current liabilities		
Foreign exchange forward contracts	—	23,151

The derivative financial instruments are classified as non-current assets or liabilities if the settlement date is beyond 12 months after the balance sheet date.

The notional principal amounts of the outstanding capped foreign exchange forward contracts at 30 June 2023 were HK\$1,500,000,000 due on 21 December 2023 and HK\$2,800,000,000 due on 18 August 2023. The notional principal amounts of the outstanding foreign exchange forward contracts at 30 June 2023 were HK\$500,000,000 due on 21 December 2023 and HK\$1,120,000,000 due on 28 May 2024.

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2023 were HK\$2,800,000,000 due on 21 August 2023.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

The fair values of foreign exchange forward contracts, capped foreign exchange forward contracts and interest rate swap contracts are based on valuation of the instruments provided by the counterparty banks, which are determined by reference to the present values of the estimated future cash flows, taking into account market observable interest rate yield curves and forward exchange rates at each reporting date. If significant inputs required to fair value an instrument are observable, the instrument is included in level 2 of the fair value hierarchy.

18 Trade and lease receivables

	30 June	31 December
	2023	2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Trade and lease receivables	57,536	33,438
Less: allowance	(656)	(765)
Trade and lease receivables, net	<u>56,880</u>	<u>32,673</u>

The fair values of trade and lease receivables approximate their carrying amounts.

The credit terms of the Group are generally within three months. The aging analysis of trade and lease receivables by invoice date is as follows:

	30 June	31 December
	2023	2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
0 - 30 days	51,818	19,520
31 - 90 days	3,893	12,025
91 - 180 days	910	925
181 - 365 days	292	318
Over 1 year	623	650
	<hr/>	<hr/>
Total	<u>57,536</u>	<u>33,438</u>

The Group applies the HKFRS 9 simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The identified impairment loss was immaterial.

All of the Group's trade and lease receivables are denominated in RMB.

19 Bank deposits and cash and cash equivalents

	30 June	31 December
	2023	2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Current		
Cash at bank and on hand	2,598,119	1,154,625
Short-term bank deposits with original maturity of less than three months	159,111	179,148
Cash and cash equivalents	2,757,230	1,333,773
Short-term bank deposits with original maturity of more than three months but less than twelve months	30,000	20,000
Long-term bank deposits due in twelve months with original maturity of more than twelve months	20,000	—
Total	2,807,230	1,353,773
Non-Current		
Long-term bank deposits with original maturity of more than twelve months	—	30,000
Maximum exposure to credit risk	2,806,879	1,383,423

As at 30 June 2023, included in the long-term bank deposits, short-term bank deposits and cash and cash equivalents of the Group are bank deposits of approximately RMB1,012,231,000 (31 December 2022: RMB949,818,000) denominated in RMB, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China. The remittance of these funds out of mainland China is subject to exchange control restrictions imposed by the Chinese government.

The credit quality of long-term bank deposits, short-term bank deposits and cash and cash equivalents has been assessed by reference to external credit ratings (if available) or to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

The carrying amounts of long-term bank deposits, short-term bank deposits and cash and cash equivalents approximate their fair values.

Long-term bank deposits, short-term bank deposits and cash and cash equivalents are denominated in the following currencies:

	30 June	31 December
	2023	2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
RMB	1,012,582	950,168
HK\$	1,729,307	378,224
US\$	65,341	55,381
	<u>2,807,230</u>	<u>1,383,773</u>
Total	<u>2,807,230</u>	<u>1,383,773</u>

20 Deferred tax liabilities

	Six months ended 30 June	
	2023	2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Beginning of the period	5,380,971	5,201,515
Deferred taxation charged to profit or loss (Note 11)	63,995	97,800
Deferred taxation (credited)/charged to reserve	(226)	21,978
	<u>5,444,740</u>	<u>5,321,293</u>
End of the period	<u>5,444,740</u>	<u>5,321,293</u>

21 Trade payables

The fair values of trade payables approximate their carrying amounts. The aging analysis of the trade payables by invoice date is as follows:

	30 June	31 December
	2023	2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
0 - 30 days	12,011	15,038
31 - 90 days	5,113	7,630
91 - 180 days	1,224	2,402
181-365 days	1,208	115
Over 1 year	264	5
	<hr/>	<hr/>
Total	19,820	25,190
	<hr/> <hr/>	<hr/> <hr/>

All of the Group's trade payables are denominated in RMB.

22 Rental deposits, receipts in advance, accruals and other payables

	30 June	31 December
	2023	2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Rental deposits		
Current portion	175,497	186,238
Non-current portion	218,199	209,987
	<hr/>	<hr/>
Subtotal	393,696	396,225
	<hr/>	<hr/>
Receipts in advance		
Current portion	87,550	96,553
	<hr/>	<hr/>
Accrued urban real estate tax	72,679	60,702
Accrued withholding tax payable	17,610	11,285
Accrued surcharge tax	17,226	16,753
Construction payable	181,695	186,625
Transaction costs payable for the acquisition of		
Gain Force Investments Limited (the “Acquisition”) (i)	7,731	7,731
Accruals for operating expenses	196,610	170,352
	<hr/>	<hr/>
Accruals and other payables	493,551	453,448
	<hr/>	<hr/>
Total	974,797	946,226
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (i) On 23 December 2021, the Group completed the acquisition of the 100% equity interest in Gain Force Investments Limited, which is engaged in the leasing of Yuexiu Financial Tower, an International Grade A office building located in Guangzhou.
- (ii) The carrying amounts of rental deposits, receipts in advance and accruals and other payables approximate their fair values. Majority of the Group’s rental deposits, receipts in advance and accruals and other payables are denominated in RMB.

23 Borrowings

	30 June	31 December
	2023	2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Current		
Current portion of long-term borrowings		
Bank borrowings		
- Secured (<i>Note a</i>)	115,000	85,000
- Unsecured	5,455,263	4,279,124
	<u>5,570,263</u>	<u>4,364,124</u>
Total current portion of long-term borrowings	<u>5,570,263</u>	<u>4,364,124</u>
Non-current		
Long-term borrowings		
Bank borrowings		
-Secured (<i>Note a</i>)	2,699,400	1,234,400
-Unsecured	13,807,401	14,885,374
Other borrowings, unsecured (<i>Note b</i>)	5,415,419	3,785,383
	<u>21,922,220</u>	<u>19,905,157</u>
Total long-term borrowings	<u>21,922,220</u>	<u>19,905,157</u>
Less: current portion of long-term borrowings	<u>(5,570,263)</u>	<u>(4,364,124)</u>
Non-current portion of long-term borrowings	<u><u>16,351,957</u></u>	<u><u>15,541,033</u></u>
Analysis into:		
- Unsecured	19,222,820	18,670,757
- Secured	2,699,400	1,234,400
	<u>21,922,220</u>	<u>19,905,157</u>
Total	<u><u>21,922,220</u></u>	<u><u>19,905,157</u></u>

Note a:

As at 30 June 2023, bank loans of approximately RMB2,699 million (31 December 2022: RMB1,234 million) are secured by certain parts of Guangzhou IFC with carrying value of RMB6,837 million (31 December 2022: RMB6,892 million).

Note b:

On 2 February 2021, Yuexiu REIT MTN Company Limited (“REIT MTN”), a wholly owned subsidiary of Yuexiu REIT, issued and sold a total of US\$400 million principal amount of 2.65% notes due in February 2026 to investors under the MTN Programme, which was updated in January 2021.

On 28 May 2019 and 14 June 2019, REIT MTN, issued and sold HK\$770 million and HK\$350 million principal amount of 3.6% additional notes both due in May 2024 to investors under the MTN Programme.

On 24 March 2023, MOON KING LIMITED, a wholly owned subsidiary of Yuexiu REIT, issued and sold RMB1,500 million principal amount of 4.15% guaranteed notes due in March 2026.

24 Net assets attributable to unitholders

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Beginning of the period	16,104,395	14,717,852
Issuance of units	84,400	3,276,892
Transfer from the interim condensed consolidated statement of comprehensive income	(334,771)	(478,091)
Distributions paid during the period	(190,448)	(457,835)
Special distribution for the Acquisition	—	(85,150)
End of the period	<u>15,663,576</u>	<u>16,973,668</u>

The movement of numbers of existing units is as below:

Units in issue ('000)	Six months ended 30 June	
	2023 <i>(Unaudited)</i> <i>RMB'000</i>	2022 <i>(Unaudited)</i> <i>RMB'000</i>
Beginning of the period	4,783,780	3,417,224
Rights issue for the Acquisition (the "Rights Issue") (Note a)	—	1,234,403
Manager's fee in form of units (Note b)	49,883	20,161
End of the period	<u>4,833,663</u>	<u>4,671,788</u>

Note a:

On 26 January 2022, total 1,234,403,038 units were issued on the basis of 37 units for every 100 units held on Rights Issue record date for HK\$3.20 per unit.

Note b:

During the period, 49,882,982 units were issued for the payment of manager's fee (2022: 20,161,000 units). Pursuant to the announcement of Yuexiu REIT dated 24 March 2023, RMB84,399,702 (equivalent to approximately HK\$96,274,156) of the manager's fee for the period from 1 July 2022 to 31 December 2022 to be settled in the form of units would be deferred and settled after the manager fee units reference date.

25 Earnings/(losses) per unit based upon profit/(loss) after income tax before transactions with unitholders attributable to unitholders

(a) Basic

Basic earnings/(losses) per unit based upon profit/(loss) after income tax before transactions with unitholders attributable to unitholders is calculated by dividing the profit/(loss) after income tax before transactions with unitholders attributable to unitholders by the weighted average number of units in issue during the period.

	Six months ended 30 June	
	2023	2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders (RMB'000)	95,184	(533,998)
Weighted average number of units in issue ('000)	4,810,789	4,485,448
Basic earnings/(losses) per unit (RMB)	0.02	(0.12)

(b) Diluted

Diluted earnings/(losses) per unit based upon profit/(loss) after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units outstanding and manager's fee in form of units during the period which are dilutive potential units. The number of units calculated as above is compared with the number of units that would have been issued assuming the exercise of the units. The number of units calculated for manager's fee in form of units was calculated based on the closing price of Yuexiu REIT as at 30 June 2023.

	Six months ended 30 June	
	2023	2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>95,184</u>	<u>(533,998)</u>
Weighted average number of units in issue ('000)	4,810,789	4,485,448
Adjustments for deferred units ('000) (Note)	254,809	—
Adjustments for manager's fee in form of units ('000)	<u>54,187</u>	<u>—</u>
Weighted average number of units for diluted earnings/(losses) per unit ('000)	<u>5,119,785</u>	<u>4,485,448</u>
Diluted earnings/(losses) per unit (RMB)	<u>0.02</u>	<u>(0.12)</u>

Note:

Pursuant to the terms disclosed in the circular dated 30 June 2012, Yuexiu REIT will, on 31 December of each year, issue to YXP certain number of units starting from 31 December 2016 (the “Deferred Units”). The number of Deferred Units to be issued to YXP each year, when aggregated with the Manager Fee Units to be issued within 12 months of the issue, will be limited to the maximum number of units which will not trigger an obligation on the part of YXP to make a mandatory general offer under Rule 26 of the Takeovers Code for all units not already owned or agreed to be acquired by YXP at the relevant time.

Pursuant to the terms disclosed in the 2021 Circular, in light of the subscription price of the Rights Issue (being HK\$3.20) being at a discount greater than 10% of the average of the daily closing prices of the Units for the five consecutive trading days preceding the date of the announcement (being HK\$3.67), which was made on 24 October 2021 in relation to the Acquisition, the issue price for the Deferred Units (the “Deferred Units Issue Price”) shall be adjusted by multiplying the current Deferred Units Issue Price (being HK\$4.00 per Unit) by the fraction as set out under the indebtedness agreement dated 28 May 2012 between YXP, the Trustee and the Manager and further described in the 2021 Circular (the “Deferred Units Issue Price Adjustment”). The Deferred Units Issue Price Adjustment took effect upon the completion of the Rights Issue on 26 January 2022.

The adjusted Deferred Units Issue Price is HK\$3.86 per Unit and the Deferred Units to be issued was adjusted to 329,809,000 units following the Deferred Units Issue Price Adjustment.

The deferred units outstanding and manager's fee in form of units during the six-month period ended 30 June 2022 are not included in the calculation of diluted losses per unit because they are antidilutive for the period ended 30 June 2022.

26 Capital commitments

	30 June	31 December
	2023	2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Capital commitments in respect of property, plant and equipment and investment properties		
Contracted but not provided for	<u>33,227</u>	<u>32,404</u>

27 Future minimum rental receivables

At 30 June 2023 and 31 December 2022, the Group had future minimum rental receivables under non-cancellable leases as follows:

	30 June	31 December
	2023	2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Within one year	1,312,835	1,258,688
Between one year and five years	1,752,763	1,705,440
Over five years	<u>35,662</u>	<u>52,519</u>
Total	<u>3,101,260</u>	<u>3,016,647</u>

By order of the board of directors of
Yuexiu REIT Asset Management Limited
(as manager of Yuexiu Real Estate Investment Trust)

LIN Deliang

Chairman

Hong Kong, 15 August 2023

As at the date of this announcement, the Board of the Manager is comprised as follows:

Executive Directors:	Mr. LIN Deliang (Chairman) and Ms. OU Haijing
Non-executive Directors:	Mr. LI Feng and Mr. ZENG Zhizhao
Independent Non-executive Directors:	Mr. CHAN Chi Fai Brian, Mr. CHAN Chi On Derek, Mr. CHEUNG Yuk Tong and Mr. CHEN Xiaoou